

Editorial

The Price of Denial

The word is out for the mickeys: The U.S. economy is in a "recovery," and everything is just as sound as it can be, despite a few potentially worrying spots in the real estate hotspots internationally. As long as the world orients to following the U.S. example, things will be just fine. If you believe that, you are being led down the primrose path to a New Dark Age.

Reality is quite different, and it is the reality of an imminent financial collapse, far beyond that of the Fall of 1998; it is impelling the world's Synarchist bankers to hysterically demand increasingly tough austerity packages, even dictatorships, to keep their hands on the financial controls.

Exemplary of this reality is a story which appeared in the German newspaper *Die Welt* on July 27, quoting a report by Goldman Sachs economist Jim O'Neill, who writes that excessive liquidity by central banks has built up huge speculative bubbles around world financial markets. Sooner or later, they will all burst with a big bang, perhaps like the stock market crash of 1987 or the bond crash in 1994. It's "almost inevitable," he writes, that some unforeseen event in the coming months will trigger such a crash. And almost all big crashes of recent decades took place in the late Summer or Autumn. The trigger could be a political event like an escalation in the Middle East, Iran, or North Korea. But there is also a potential for a local disruption in emerging markets, as an example in Brazil, which then would spread around the globe like in 1997-98.

Die Welt then quotes an ABN Amro economist saying that another huge disaster in the hedge-fund sector, which could hit world markets like LTCM in 1998, is hanging in the air.

You didn't read such stories in the U.S. or popular press, you say? Well, think about why.

But ordinary citizens do have the ability to figure out what is going on, if they escape the Siren song of denial. For one thing, look at the unemployment in the industrialized nations, and think about what that means.

One of the most obvious disasters on the jobs front is Western Europe, where unemployment hovers at the 10% mark, or higher, in all the major continental na-

tions. Germany, which is the largest economy and the engine of Europe, actually has about 10 million unemployed, out of its population of 80 million, a shocking waste in one of the most educated and high-technology nations in the world. The most rapid rates of decline are in manufacturing, of course.

According to the official statistics, the United States does not share such a problem, but that is provably a lie if you look at the manufacturing sector. U.S. companies announced 102,971 lay-offs in July, down 7% from June, but up a whopping 48% from July 2004, as many corporations cut jobs just to show a profit, according to the outplacement firm Challenger Gray & Christmas. At the current rate, job cuts will exceed 1 million for a fifth year in a row. Over the past three months, announcements of job cuts have totaled 296,250, "unusually high for warm weather months," Challenger said, calling this the Spring-Summer "job-cut Hell." For the year, the threatened auto industry heads the lay-offs list, which is centered heavily in the manufacturing sector.

Why focus on this bad news, some might ask? Because, as leading economist Lyndon LaRouche has pointed out, it is *now, before* a total financial blowout, and the utter destruction of the productive capacity and workforce of the industrialized nations, that emergency actions have to be taken. What is required is action on two levels. First, patriots of each nation, and particularly the United States, must mobilize to push through emergency measures that will freeze the unpayable debt burden, and restart production to meet the massive needs in infrastructure, through the provision of state-backed long-term, low-interest credit.

Second, these patriots must get their governments to convene an international emergency conference to establish a new monetary system based on the principles of FDR's Bretton Woods, including a fixed-exchange-rate system and sovereign control over currencies.

If you, as a reader of this magazine, continue to deny the crisis, and the need for such emergency actions, you will be effectively voting for your own destruction, and that of the human race. That's a pretty high price to pay, when the solution is, in fact, at hand.